

# Performance Measures Report

**The Virginia Tobacco Indemnification and Community  
Revitalization Commission**



**Volume 2  
May 2011**

*Not everything that can be counted counts  
and not everything that counts can be counted.*  
-Albert Einstein

# Introduction

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## Background

The Virginia Tobacco Commission is a 31-member body created by the 1999 General Assembly. Its mission is the economic revitalization tobacco-dependent communities, using proceeds of the national tobacco settlement. To date, the Commission has approved 1,380 grants totaling more than \$765 million across the tobacco region of the Commonwealth, and has made available \$288.3 million in indemnification payments to tobacco growers and quota holders.

At the Commission's ten-year organizational anniversary in 2009, knowing the answer to strategic questions such as "What are we doing?" and "How well are we doing it?" became a greater focus and Commission staff was directed to analyze the impact of the Commission's funding programs. The importance of performance measures was additionally noted by the ad-hoc *Blue Ribbon Review Panel*, which was charged with examining the structure of the Commission and making suggestions as to potential improvements. The *Blue Ribbon Review Panel* presented its final recommendations on April 17, 2008 to the Commission and encouraged the Commission to adopt a process for gathering data to track measurable outcomes.

In taking steps to define measures of impact, it was recognized that the performance management system would need to be built upon a solid foundation of data pulled from working transactional systems. As such, performance measures would need to be tangible, specific and numerically measurable with support data derived from quality, reliable, and accessible sources.

The Commission's efforts to date in logically evaluating the impact of its funding programs within these parameters are addressed within this report.

## Defining and Measuring

In measuring progress towards its statutory mission of “revitalizing tobacco dependent communities,” the definition of “revitalization” was first outlined to provide a universal understanding of what is to be measured. With the assistance of Chmura Economics & Analytics, economic revitalization was defined for the tobacco-dependent communities in Virginia as **a more stable, diversified, and growing economy that leads to higher living standards.**

In further analyzing the components of this definition, metrics were required for assessing:

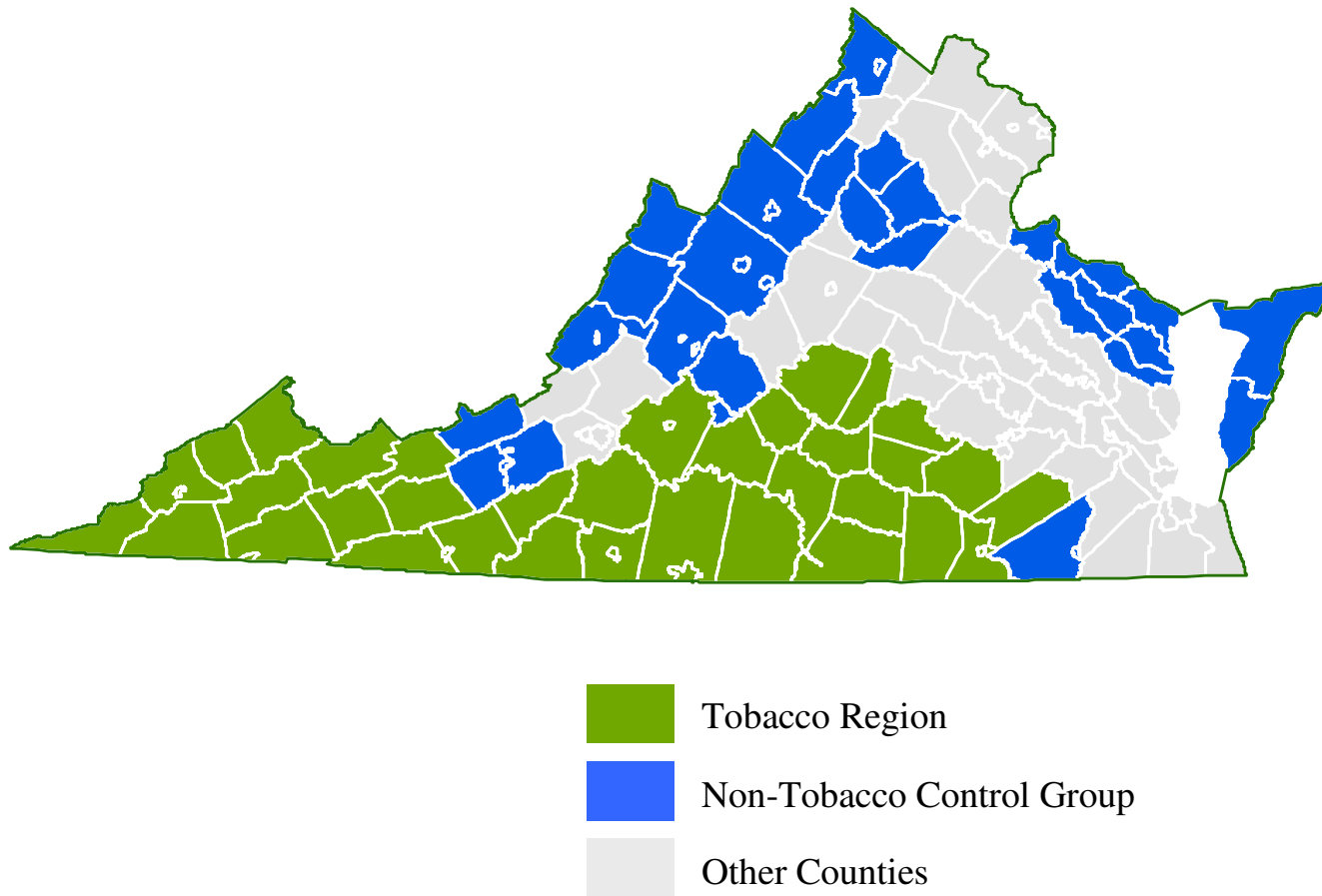
- ♦ **More Stable** - less fluctuations during recessions as well as expansions in the business cycle
- ♦ **More Diversified** - less dependence on volatile industries, or on one or two firms
- ♦ **Growing Economy** - increasing employment
- ♦ **Higher Living Standards** - increases in annual average wages that reduce the gap with the state and nation

Upon defining revitalization, specific metrics to track progress of the Commission toward its goal were compiled with consideration made for data integrity and collection. Outcomes that would be measured to gauge current conditions are noted below with supplementary detail on the methodology and source for each metric described in the report’s remainder:

- ♦ Job Creation
- ♦ Workforce Participation Rate
- ♦ Wealth
- ♦ Diversity
- ♦ Taxable Assets

## Control Group

Lastly, in assessing the work of the tobacco region, a control group labeled “non-tobacco region” was formed to help put progress into perspective. The non-tobacco region is defined as all of Virginia except the tobacco region and the Metropolitan Statistical Areas of Northern Virginia, Hampton Roads, Richmond, Roanoke and Charlottesville. The charts to follow will show data for both the tobacco region and the defined non-tobacco region.



# Job Creation

**Measure** The ratio of percentage change in employment since 1999 in tobacco-dependent communities to that in non-tobacco-dependent communities in Virginia.

**Measure Methodology** Total annual employment relative to the same in 1999 (base year) is used to calculate the life-to-date percent change in employment in the respective regions for a given year. The ratio is then computed by dividing the percent change in the respective regions for the same year. Data is obtained from the Virginia Employment Commission.

## Measure Baseline

<u>Value</u>	<u>Date</u>	<u>Description</u>
.23	12/31/1999	The ratio when the Commission was formed.

## Measure Target

<u>Value</u>	<u>Date</u>	<u>Description</u>
1.00	7/31/2015	Par with non-tobacco region.

## Data Frequency

<u>Frequency</u>	<u>Description</u>
Annually	January Data Release

## Explanatory Note

The ratio of percent change in job creation between regions reflects the extent to which the tobacco region economy is growing relative to non-tobacco regions.

### Notes for Figure 1 and Figure 2 (next page):

- ♦ Recession in 2001-2002.
- ♦ Tobacco region challenged by major plant closings and layoffs in early 2000's as evident by:
  - Tultex and Russell Stovers – 2001 (2700 jobs)
  - Dan River – 2003 & 2004
  - West Point Stevens – 2005 (450 jobs)
  - Numerous others including Burlington, Bassett Walker, Fieldcrest Cannon, Cross Creek, etc.
- ♦ Trend of job growth hampered by the Great Recession of 2008. Data show steep declines in employment in 2009 because employment is a lagging economic indicator.

**Figure 1. Percentage Change in Employment Since 1999**

**Total Employment**

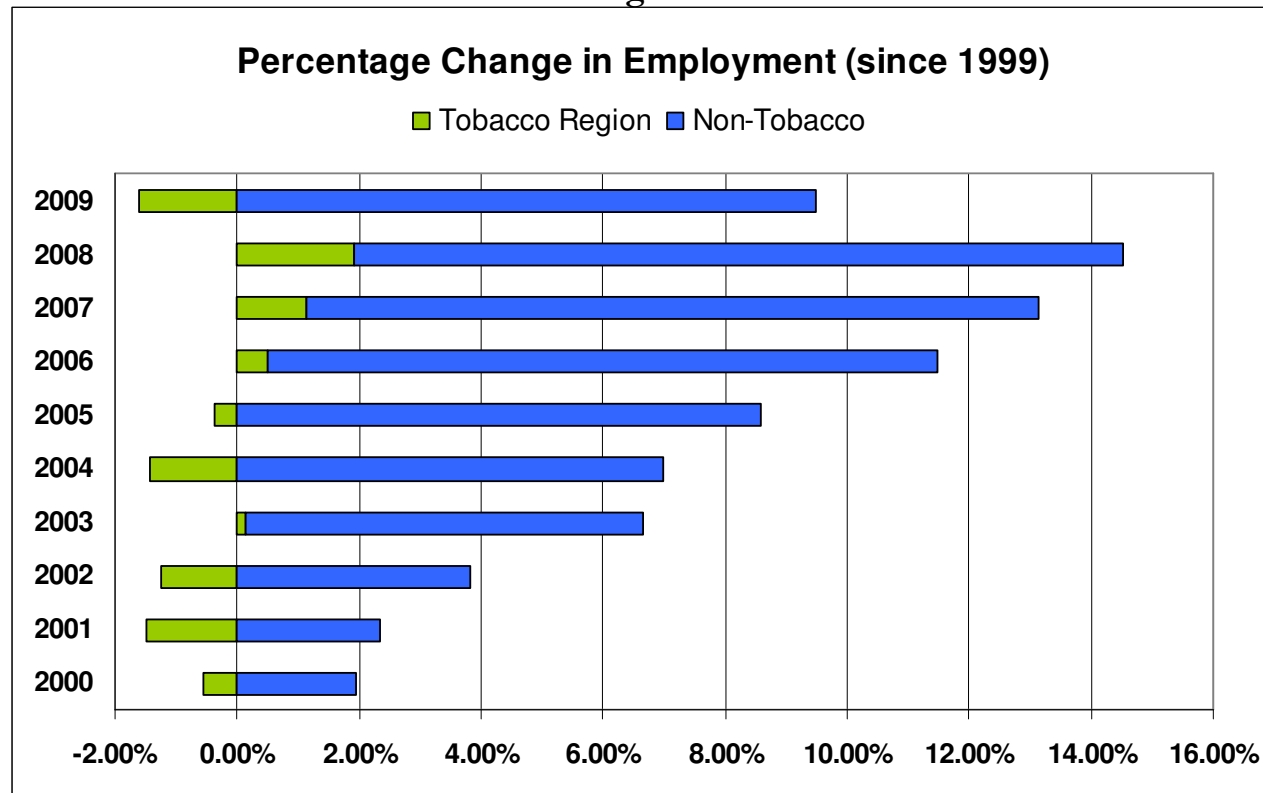
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Tobacco Region	454,694	452,140	447,933	449,082	455,349	448,231	452,993	457,015	459,883	463,365	447,395
Non-Tobacco	429,703	438,088	439,825	446,117	457,723	459,708	466,585	476,872	481,209	483,881	470,477

**Percent Change Since 1999**

	Baseline	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Tobacco Region	0.46%	-0.56%	-1.49%	-1.23%	0.14%	-1.42%	-0.37%	0.51%	1.14%	1.91%	-1.61%
Non-Tobacco	2.03%	1.95%	2.36%	3.82%	6.52%	6.98%	8.58%	10.98%	11.99%	12.61%	9.49%

<b>RATIO</b>	<b>0.23</b>	<b>-0.29</b>	<b>-0.63</b>	<b>-0.32</b>	<b>0.02</b>	<b>-0.2</b>	<b>-0.04</b>	<b>0.05</b>	<b>0.1</b>	<b>0.15</b>	<b>-0.17</b>
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**Figure 2.**



# Workforce Participation

**Measure** The ratio of workforce participation rates for tobacco-dependent communities to that in non-tobacco-dependent communities in Virginia.

**Measure Methodology** The workforce participation rate is the total number of working age adults (per Virginia Employment Commission) divided by the total population of working-age adults (per Weldon Cooper Center). The ratio is then computed by dividing the rate in the tobacco region by the rate in the non-tobacco region.

Working-age adults are defined as those 16 years of age and older who are employed and unemployed but actively seeking work. Population of working-age adults is defined as those 15 years of age and older. Weldon Cooper Population Estimates were not available from 2000-2004 and were used beginning in 2005. Census Population Estimates were obtained for years prior.

## Measure Baseline

<u>Value</u>	<u>Date</u>	<u>Description</u>
92.13	12/31/2000	The ratio when data was first available

## Measure Target

<u>Value</u>	<u>Date</u>	<u>Description</u>
100	1/1/2015	Par with non-tobacco region.

## Data Frequency

<u>Frequency</u>	<u>Description</u>
Annually	July Data Release

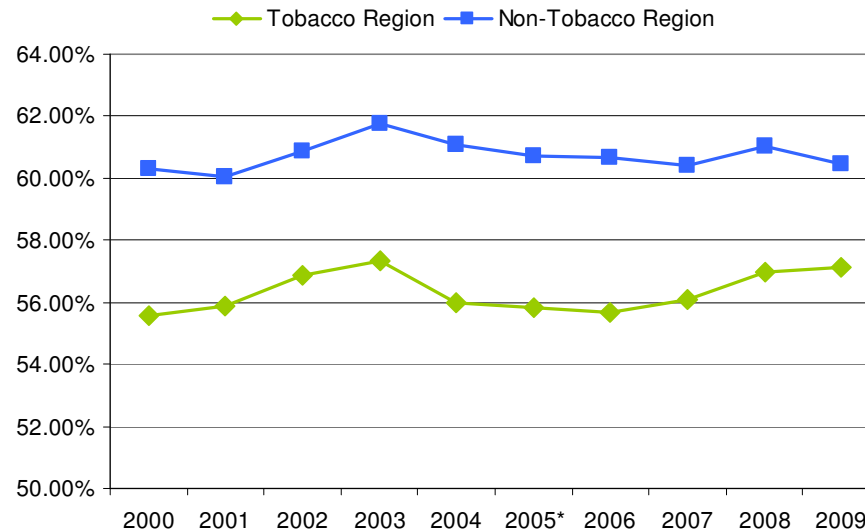
## Explanatory Note

The ratio of workforce participation rates between the regions reflects the extent to which the tobacco region economy is stable relative to the non-tobacco region. Workforce participation rates provide insight on the health of a region as indicated by willingness and ability of the region to work. Higher rates represent less dependence on social programs, such as unemployment and disability insurance.

**Figure 3. Workforce Participation Rate Data  
Percent Working Age Adults in the Workforce**

	2000	2001	2002	2003	2004	2005*	2006	2007	2008	2009
<b>Tobacco Region</b>										
Workforce	469,624	472,503	480,940	486,034	474,780	477,810	478,438	481,877	491,562	494,650
Population (15+)	845,226	845,370	846,018	847,913	848,400	855,611	859,298	859,165	862,430	866,069
<b>Rate</b>	55.56%	55.89%	56.85%	57.32%	55.96%	55.84%	55.68%	56.09%	57.00%	57.11%
<b>Non-Tobacco Region</b>										
Workforce	449,193	455,156	466,289	478,164	478,226	484,426	492,660	498,071	507,148	509,447
Population (15+)	744,843	758,339	765,942	774,450	783,106	797,948	812,012	824,309	831,276	842,547
<b>Rate</b>	60.31%	60.02%	60.88%	61.74%	61.07%	60.71%	60.67%	60.42%	61.01%	60.47%
<b>RATIO</b>	<b>92.13%</b>	<b>93.12%</b>	<b>93.38%</b>	<b>92.84%</b>	<b>91.64%</b>	<b>91.99%</b>	<b>91.77%</b>	<b>92.82%</b>	<b>93.43%</b>	<b>94.46%</b>

**Figure 4. Percent of Working Age Adults in the Workforce**





# Wealth

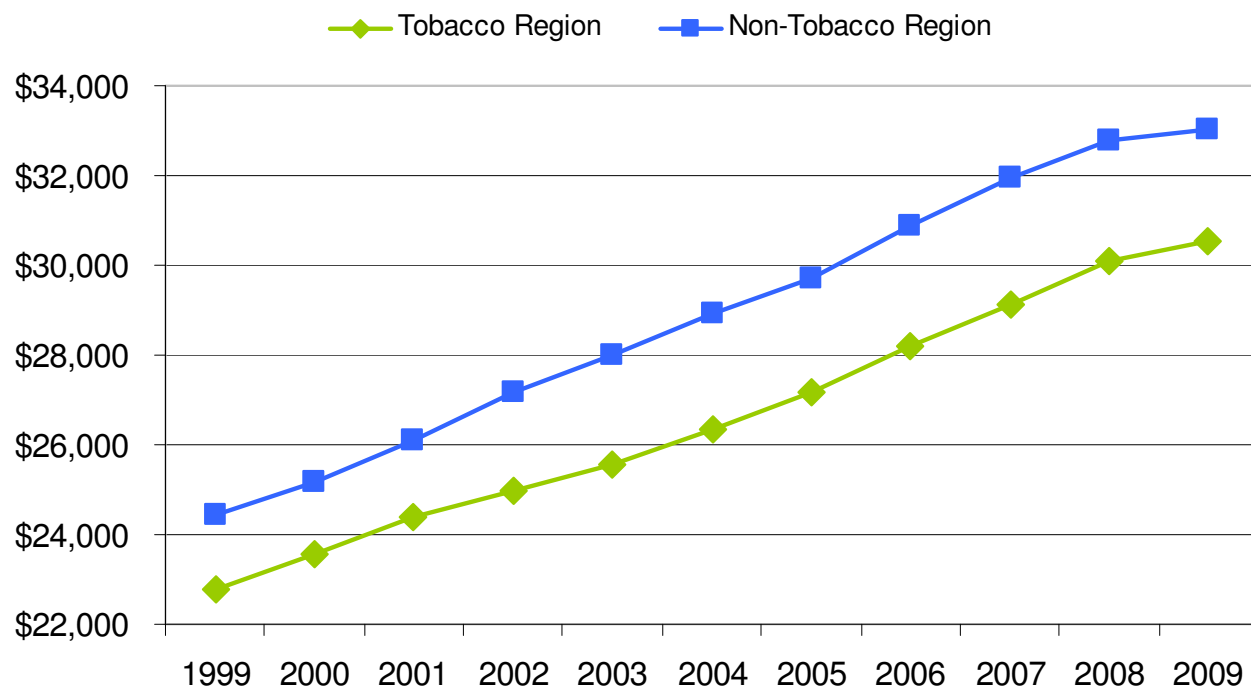
<b>Measure</b>	The ratio of annual average wages per person in tobacco-dependent communities to that in non-tobacco-dependent communities in Virginia.	
<b>Measure Methodology</b>	The measure ratio is calculated by dividing the annual average wage as reported by the Virginia Employment Commission for tobacco region by the non-tobacco region.	
<b>Measure Baseline</b>		
<u>Value</u>	<u>Date</u>	<u>Description</u>
117.8	1/1/1999	The ratio when the Commission was formed.
<b>Measure Target</b>		
<u>Value</u>	<u>Date</u>	<u>Description</u>
100	1/1/2015	Par with non-tobacco region.
<b>Data Frequency</b>		
<u>Frequency</u>	<u>Description</u>	
Annually	January Data Release	
<b>Explanatory Note</b>	The ratio of annual wages between regions reflects the extent to which the tobacco region is leading to higher living standards relative to the non-tobacco region.	
	<u>Notes for Figure 5 and Figure 6 (next page):</u>	
	<ul style="list-style-type: none"><li>◆ Despite recessions that include the Great Recession of 2008 and job losses, the tobacco region has been able to sustain and grow its wages.</li><li>◆ Data suggests that job losses have been replaced with equal or higher paying jobs.</li></ul>	

**Figure 5. Annual Average Wages Per Person Relative to the Non-Tobacco Region Average**

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>TOTAL WAGES</b>											
Tobacco Region	\$22,786	\$23,538	\$24,368	\$24,985	\$25,543	\$26,339	\$27,180	\$28,190	\$29,110	\$30,111	\$30,521
Non-Tobacco Region	\$24,424	\$25,178	\$26,086	\$27,181	\$28,010	\$28,946	\$29,716	\$30,894	\$31,970	\$32,777	\$33,024
<b>RATIO</b>	<b>93.3%</b>	<b>93.5%</b>	<b>93.4%</b>	<b>91.9%</b>	<b>91.2%</b>	<b>91.0%</b>	<b>91.5%</b>	<b>91.2%</b>	<b>91.1%</b>	<b>91.9%</b>	<b>92.4%</b>

**Figure 6.**

### **Annual Average Wages (per person)**



# Diversity

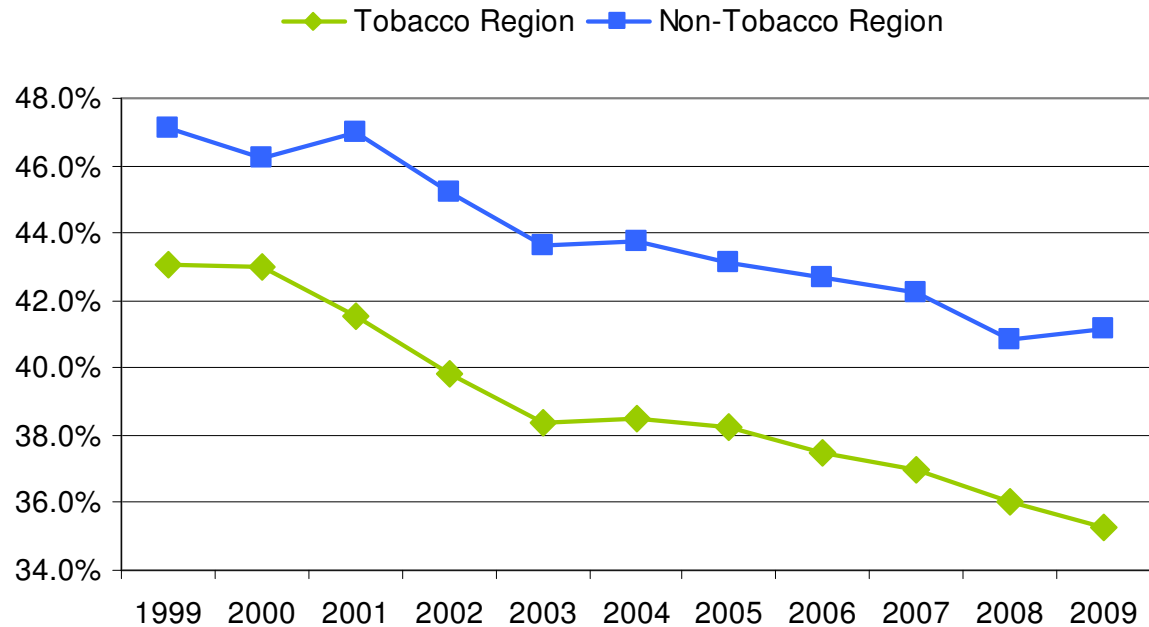
<b>Measure</b>	The ratio of employment percentage in the top 3 industries in tobacco-dependent communities to that in non-tobacco-dependent communities in Virginia.	
<b>Measure Methodology</b>	The total number of employees at the top three industries of each locality as reported by the Virginia Employment Commission divided by the total population of working age adults as reported by the Weldon Cooper Center. The ratio is calculated by dividing the percent of employment in the top 3 industries in the tobacco region by the percent in non-tobacco region.	
<b>Measure Baseline</b>		
<u>Value</u>	<u>Date</u>	<u>Description</u>
91.34	1/1/1999	The ratio when the Commission was formed.
<b>Measure Target</b>		
<u>Value</u>	<u>Date</u>	<u>Description</u>
85	1/1/2015	Recent historical levels of diversity
<b>Data Frequency</b>		
<u>Frequency</u>	<u>Description</u>	
Annually	July or August release date	
<b>Explanatory Note</b>	<p>The measure of percent of employment in the top 3 industries is associated with a more stable, diversified economy. Industry grouping is defined by the North American Industry Classification System.</p> <p><u>Notes for Figure 7 and Figure 8 (next page):</u></p> <ul style="list-style-type: none"> <li>♦ Tobacco region is diversifying at a faster rate than non-tobacco region.</li> <li>♦ Top three industries for both regions remained constant throughout 10 year period and included: <ul style="list-style-type: none"> <li>○ Retail Trade</li> <li>○ Manufacturing</li> <li>○ Health Care</li> </ul> </li> <li>♦ Tobacco region is experiencing growth in construction, public administration and educational services.</li> </ul>	

**Figure 7. Percent Employment in Top Three Industries**

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Tobacco Region</b>											
Employment in Top 3	195,786	194,416	186,045	178,970	174,682	172,516	171,376	171,225	170,048	166,973	157,849
Total Employed	454,694	452,140	447,933	449,082	455,349	448,231	448,231	457,015	459,883	463,365	447,395
<b>Percent Employed</b>	43.1%	43.0%	41.5%	39.9%	38.4%	38.5%	38.2%	37.5%	37.0%	36.0%	35.3%
<b>Non-Tobacco Region</b>											
Employment in Top 3	202,565	202,599	206,688	201,818	199,598	201,153	201,302	203,449	203,358	197,749	193,682
Total Employed	429,703	438,088	439,825	446,117	457,723	459,708	466,585	476,872	481,209	483,881	470,477
<b>Percent Employed</b>	47.1%	46.2%	47.0%	45.2%	43.6%	43.8%	43.1%	42.7%	42.3%	40.9%	41.2%
<b>RATIO</b>	91.34%	92.98%	88.38%	88.09%	87.97%	87.96%	88.62%	87.82%	87.50%	88.18%	85.70%

**Figure 8.**

**Employment Percentage  
in Top Three Industries**



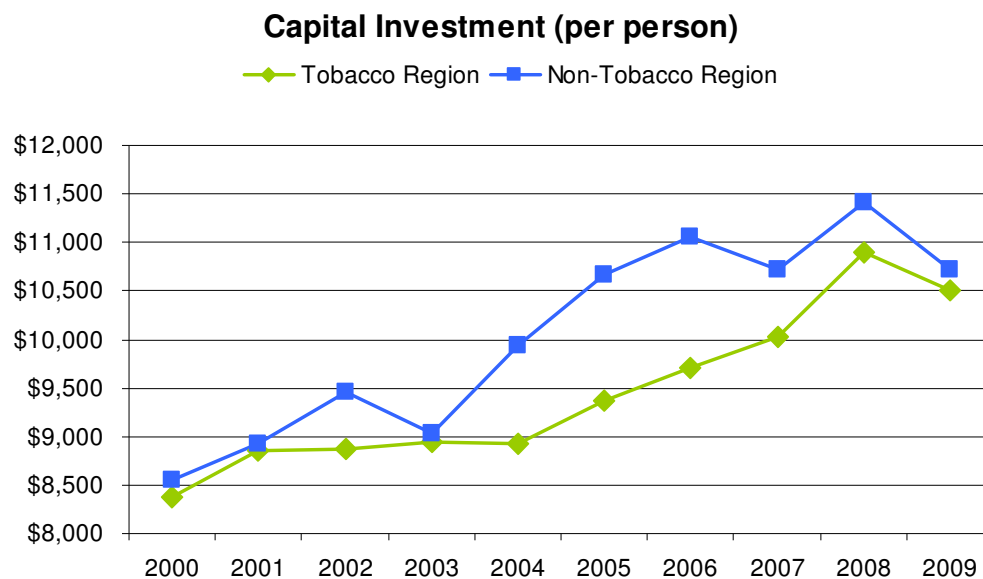
# Capital Investment

<b>Measure</b>	The ratio of total capital investment per person in tobacco-dependent communities to that in non-tobacco-dependent communities in Virginia.	
<b>Measure Methodology</b>	Comparison of assessed value of Tangible Personal Property, Machinery and Tools, and Merchants' Capital data from the Department of Taxation per capita obtained from the Weldon Cooper Center. Aggregated capital investment is equal to the total assessed values for Tangible Personal Property, Machinery and Tools, and Merchants' Capital for each region divided by the respective total population for each region. The ratio is then computed by dividing tobacco-dependent capital investment per person by non-tobacco control group capital per person.  Weldon Cooper Population Estimates were not available from 2000-2004 and were used beginning in 2005. Census Population Estimates were obtained for years prior.	
<b>Measure Baseline</b>	<u>Date</u> 12/31/1999	<u>Description</u> The ratio when the Commission was formed.
<b>Measure Target</b>	<u>Date</u> 1/1/2015	<u>Description</u> Par with non-tobacco region.
<b>Data Frequency</b>	<u>Frequency</u> Annually	<u>Description</u> January Data Release
<b>Explanatory Note</b>	The measure of taxable assets per capita is associated with the extent to which the tobacco region's economy is growing and generating higher living standards relative to the non-tobacco region.	

**Figure 9. Taxable Assets (Capital Investment) Data Summary  
Assessed Values by Locality per Tax Year**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Tobacco Region</b>										
Taxable Assets	8,656,449,174	9,137,427,209	9,153,856,147	9,199,181,612	9,218,563,403	9,657,858,868	10,098,588,326	10,414,759,702	11,405,003,254	10,940,469,609
Population	1,034,353	1,031,700	1,031,200	1,029,700	1,032,600	1,031,554	1,041,214	1,038,705	1,047,138	1,040,834
<b>Assets per person</b>	<b>\$8,369</b>	<b>\$8,857</b>	<b>\$8,877</b>	<b>\$8,934</b>	<b>\$8,928</b>	<b>\$9,362</b>	<b>\$9,699</b>	<b>\$10,027</b>	<b>\$10,892</b>	<b>\$10,511</b>
<b>Non-Tobacco Region</b>										
Taxable Assets	7,985,343,750	8,241,494,570	8,786,851,933	8,452,467,341	9,438,208,787	10,296,154,848	10,854,497,418	11,191,913,952	11,447,181,900	10,844,230,539
Population	934,783	922,600	929,400	935,500	949,300	964,529	981,997	1,044,321	1,003,623	1,010,887
<b>Assets per person</b>	<b>\$8,542</b>	<b>\$8,933</b>	<b>\$9,454</b>	<b>\$9,035</b>	<b>\$9,942</b>	<b>\$10,675</b>	<b>\$11,053</b>	<b>\$10,717</b>	<b>\$11,406</b>	<b>\$10,727</b>
<b>RATIO</b>	<b>98.0%</b>	<b>99.1%</b>	<b>93.9%</b>	<b>98.9%</b>	<b>89.8%</b>	<b>87.7%</b>	<b>87.7%</b>	<b>93.6%</b>	<b>95.5%</b>	<b>98.0%</b>

**Figure 10.**



# Conclusion

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While the Commission has provided funding to support revitalization efforts in the tobacco region for over a decade, it is important to recognize that the long-term economic impact of its investments will take years to reflect in the metrics outlined in this report. The Commission has approved 1380 total grants; however, only 306 of those projects have been completed for more than five years. While the short-term economic impact of completed projects is likely observed in the reported data, the long-term impact is still to be seen.

The Commission recognizes that it takes time to reshape an economy. With defined measures of revitalization relating to job creation, wealth, diversity and taxable assets now in place, the Commission is poised with the ability to analyze progress towards its statutory mission and to regularly monitor and measure performance.